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ABSTRACT

This paper used data from two rounds of the National Survey of America's Families to examine how families on welfare in 1999 differed from those receiving benefits in 1997 (just prior to when most states implemented their new Temporary Assistance for Needy Families [TANF] policies). Results showed some significant changes in the welfare population between 1997 and 1999: more TANF recipients lived with an unmarried partner, African Americans made up a larger share of the TANF recipients, and significantly more adult recipients were working. Most adults on TANF reported significant barriers to employment, though adults on TANF did not report significantly more barriers to work in 1999 than in 1997. The significant increases in paid work in 1999 were accompanied by some significant decreases in school and training activities. There was significantly more hardship among those who had been on TANF continuously for more than 2 years relative to those who had recently entered TANF for the first time. However, welfare cyclers looked more similar to continuous recipients than new entrants. Patterns of welfare entry and reentry were the same in 1999 as they were 1997. (Contains 18 references.) (SM)

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Discussion Papers

Do Families on Welfare in the Post-TANF Era Differ from Their Pre-TANF Counterparts?

Sheila R. Zedlewski
Donald Alderson

01–03

February
2001

Assessing the New Federalism

An Urban Institute Program to Assess Changing Social Policies

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Assessing the New Federalism

Assessing the New Federalism is a multiyear Urban Institute project designed to analyze the devolution of responsibility for social programs from the federal government to the states. It focuses primarily on health care, income security, employment and training programs, and social services. Researchers monitor program changes and fiscal developments. Alan Weil is the project director. In collaboration with Child Trends, the project studies changes in family well-being. The project provides timely, nonpartisan information to inform public debate and to help state and local decisionmakers carry out their new responsibilities more effectively.

Key components of the project include a household survey, studies of policies in 13 states, and a database with information on all states and the District of Columbia. Publications and database are available free of charge on the Urban Institute's Web site: http://www.urban.org. This paper is one in a series of discussion papers analyzing information from these and other sources.

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Abstract

The recent, rapid decline in the welfare rolls has led many to question whether families on welfare today differ significantly from those on before the new policies were implemented. In this paper we use two rounds of the National Survey of America's Families (NSAF) to examine how families on welfare in 1999 differ from those receiving benefits in 1997 (a point just prior to when most states implemented their new Temporary Assistance for Needy Families [TANF] policies). We find some significant changes in the welfare population between 1997 and 1999, including an increase in single mothers living with partners, an increase in the share of welfare recipients that are African American, and an increase in paid work among adults on welfare. Contrary to conventional wisdom, we did not find that adults on TANF in 1999 were significantly more disadvantaged than those on welfare in 1997. We did find significantly more hardship among those who have been on TANF continuously for more than two years relative to those who recently entered TANF for the first time. However, welfare cyclers looked more similar to continuous recipients than new entrants. Surprisingly, patterns of welfare entry and reentry were the same in 1999 as in 1997.

Our results suggest that states still have considerable work ahead to ensure the success of TANF. While "work first" policies and financial incentives to move recipients into jobs have increased paid work significantly, there remains a significant group with multiple barriers to employment who are not engaged in any work activity. These recipients potentially face the risk of losing benefits through time limits. Many of those with serious barriers to employment will need intensive services to address these barriers. However, we do not yet have exemplary models of programs that address the needs of the hard-to-serve implemented on a broad scale in the states.

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Introduction

While the recent, dramatic exodus from welfare is well known, relatively little is known about those who continue to receive welfare. The number receiving cash assistance from the Temporary Assistance for Needy Families (TANF) program dropped from 4.1 to 2.4 million families over the three-year period ending December 1999. While the best studies provide somewhat different explanations of the causes of caseload decline, it seems safe to conclude that new policies combined with the exceptionally strong economy have substantially increased work among low-income single mothers and decreased their reliance on welfare.[1] The dramatic exodus from welfare has led many to question whether the TANF caseload is becoming increasingly disadvantaged. The concern is that the most able mothers left welfare for work, leaving behind a significantly more disadvantaged group.

We examine this question using data from two rounds of the National Survey of America's Families (NSAF). The NSAF is a nationally representative survey of nonelderly families in the United States. The first round was completed in 1997; the second in 1999. In both surveys we asked families about their current and recent welfare participation, their recent employment status, and potential barriers to employment.

Our results show some important changes in the characteristics of families on TANF between 1997 and 1999. For example, in 1999, African Americans made up a larger share of TANF families, more TANF recipients lived with an unmarried partner, and substantially more

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[1] See Bell (2001) for a synthesis of key studies' findings.

adult recipients were working. Furthermore, adults on TANF did not report significantly more barriers to work in 1999 than in 1997. While somewhat more recipients reported serious health problems, the increase was not statistically significant, and the incidence of nonhealth obstacles to work either remained unchanged or improved. Additionally, the share of the adults on TANF without recent work experience, often a significant deterrent to employment, decreased significantly.

This picture, however, masks important differences among adults on TANF. Adults who entered TANF for the first time, accounting for one-quarter of adults on welfare, had fewer barriers to work than those who had been on TANF more continuously. A larger share of the new entrants, for example, had completed high school and had recent work experience. In contrast, adults who had left TANF but cycled back on within a two-year period looked more like adults who had been on TANF continuously. The one exception was the presence of an infant in the family, indicating that childbirth may be one event that triggers a return to welfare. The patterns of time on welfare and barriers to work among the continuous TANF group in 1999 mirrored those found in the 1997 survey.

This paper begins by describing the data we use to portray the families on TANF. Then we examine the living arrangements and racial composition of families on welfare in 1997 and 1999. The remainder of the paper focuses on the characteristics of adults receiving benefits. We examine their current work activity and barriers to work and ask whether adults receiving assistance in 1999 were more disadvantaged than they were in 1997. We also examine these

characteristics by the length of time adults reported receiving benefits to understand whether those who have been on TANF for a longer period of time differ from those with shorter welfare tenures. In the last section we summarize the results and their implications for policy.

Data and Methods

The NSAF provides a nationally representative sample of nonelderly families in the United States. The NSAF oversampled households with income less than 200 percent of the federal poverty level and families in 13 states (Alabama, California, Colorado, Florida, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, Texas, Washington, and Wisconsin). Approximately 44,000 families were interviewed in both rounds 1 and 2. The NSAF uses a dual-frame approach, including a random-digit dial survey of households with telephones and a supplementary area sample conducted in person for those households without telephones.[2]

The NSAF includes information about current and past receipt of TANF, along with detailed information about family structure, income, work activity, and health status. The first round of the NSAF took place between February and November of 1997, a time when most states were transitioning from Aid to Families with Dependent Children (AFDC) to TANF. While a number of states submitted TANF plans prior to 1997, most were implemented in the second half of that year. Thus, it is unlikely that TANF policy had substantially shaped the

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[2] See Dean Brick et al. (1999) for a complete description of survey methods and data reliability.

welfare caseload by the time the first round of the NSAF was completed. The second round of the survey was conducted between February and October of 1999, when states' TANF plans were more concretely in place. We can use rounds 1 and 2 of the NSAF to compare the characteristics of families just prior to full implementation of TANF with those solidly in the post-TANF era. However, many states had waivers from federal AFDC policy in place that pre-dated TANF and that looked very much like their TANF plans. Since these policies will have influenced families on welfare in 1997, our pre-TANF snapshot does not provide a true pre-TANF baseline.

Our analysis uses data reported by the most knowledgeable adult (MKA) in the family. The MKA (the respondent) is the adult most knowledgeable about the children in the family, usually the mother. For families that might contain more than one parent (married couple or single parent with partner), we focus on the characteristics and work activities of the MKA only. For these units, the characteristic of the unit is determined by the MKA.

Our sample contains 1,831 families on TANF in 1997 and 850 in 1999, representing 2.2 and 1.5 million families, respectively. When we eliminate the cases likely to be excluded from work participation (that is, where no parent is present or a parent receives federal disability benefits), the sample sizes drop to 1,540 and 651 MKAs, representing 2.2 and 1.2 million families in 1997 and 1999, respectively.

Have the Demographic Characteristics of TANF Families Changed?

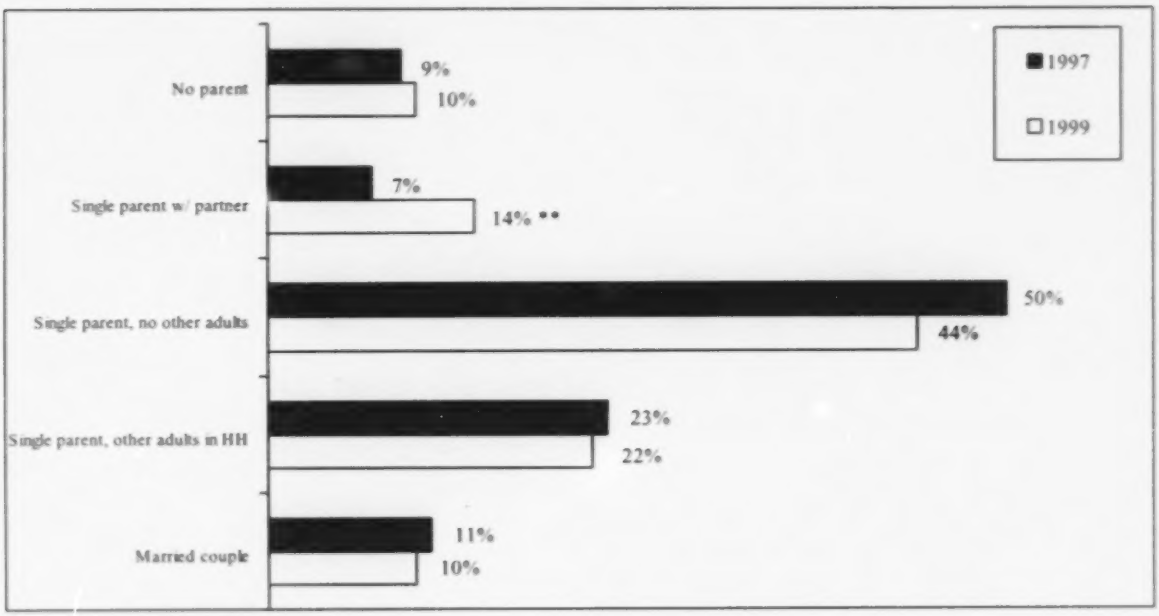
We first examine whether the structure and racial composition of TANF families changed between 1997 and 1999. Family structure could have changed as a result of federal welfare

reform. Even though the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) stated an increase in marriage as one of its aims, it did not include specific requirements that would directly affect this outcome. However, PRWORA did require states to prohibit federal TANF benefits for unmarried teen mothers unless they lived in an adult-supervised setting and stayed in school (with exceptions granted in abusive situations). In addition, some of the states' new TANF policies could have encouraged more two-parent families to apply for TANF because they now treat two-parent families the same as single-parent families.[3] However, strict federal work participation requirements could offset this effect because states have to show that 90 percent of their two-parent caseload were in work activities in 1999, up from 75 percent in 1997. Finally, some policymakers hypothesized that more welfare mothers would leave their children with relatives when faced with strict work and time limit requirements. While TANF policies would not affect racial composition, some have been concerned that it would be tougher for African Americans to leave TANF because they are concentrated in areas with relatively lower job growth.

There were some significant changes in the structure of families on welfare in 1999 compared with 1997 (figure 1). The percentage of single parents with a partner doubled (from 7 to 14 percent) between 1997 and 1999. It is unclear whether this increase in single parents living with partners is due to a change in societal norms more accepting of unmarried-parent families or

[3] Under TANF's predecessor, Aid to Families with Dependent Children (AFDC), special work history requirements applied for two-parent benefit eligibility, and many states placed a six-month time limit on two-parent family benefits.

Figure 1:
TANF Families by Type of Living Arrangement
Adults in Families Receiving TANF Benefits When Interviewed in 1997 and 1999



Source: The 1997 and 1999 National Survey of America's Families, The Urban Institute.

** Significantly different from 1997 at a 95 percent level.

the change in TANF policy that generally liberalized eligibility for two-parent families. While the percentage of low-income (below 200 percent of the poverty level) unmarried-partner families in the general population did increase significantly between 1997 and 1999 (from 6 to 8 percent), the increase was much less that observed for TANF families.[4] This suggests that there were factors affecting the welfare population beyond those affecting single mothers as a whole.

TANF (and its predecessor AFDC) treats single parents living with partners the same as two-parent married families if the partner is the biological father of a child eligible for benefits. In these cases, parents must apply for benefits together, and the income and assets of unmarried partners are counted in the family's eligibility determination. Almost half of the partners of single TANF parents were the biological fathers of a child in the family in 1999, compared with 39 percent in 1997. That is, both the percentage of single mothers living with unmarried partners and the percentage of their partners who were the fathers of their children increased in 1999 relative to 1997.

As noted above, most states liberalized their TANF eligibility rules so that more two-parent families would qualify for TANF benefits during this same time period. The federal AFDC program required that the primary earner in a two-parent family was unemployed for at least 30 days, did not work more than 100 hours per month, and had worked at least 6 of the last

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[4] The trend toward more unmarried couples with children has been underway for some time. For example, the number of unmarried couples with children under age 15 increased from 0.9 million in 1990 to 1.3 million in 1995 and 1.5 million in 1998. See U.S. Bureau of the Census, 1999, table 68, page 60.

13 months. Thirty-six states were using these federal AFDC rules for two-parent eligibility in 1996 (the other states had waivers from some or all of these provisions), compared with only 6 states in 1999. Thirty-two states had eliminated all special rules for two-parent families by 1999 and 13 states were using some but not all of the more restrictive AFDC rules.[5]

Of course, this result is just suggestive. The NSAF rounds are not longitudinal. We cannot determine what portion of family status shifts occurred among families on TANF in both years and what portion occurred because certain family types left (or entered) assistance at a slower (or faster) rate than the overall TANF population.

Other changes in family structure were not significant. The percentage of single TANF parents living alone dropped from 50 percent in 1997 to 44 percent in 1999, reflecting the increased percentage of parent-partner families. The percentage of single parents living with other (nonpartner) adults essentially remained constant at about 23 percent. Similarly, married couples comprised about 10 percent of TANF families in both years. It is noteworthy that the proportion of families reporting TANF where no parent was present did not increase over this period. Many had speculated that more low-income children would live away from their parents as a result of welfare reform. Of course, this result could also occur if more children lived with nonparent caretakers that did not receive or report TANF benefits on behalf of these children.

Racial composition also changed significantly between the two rounds of the NSAF. Forty-six percent of TANF families reported their race/ethnicity as non-Hispanic black in 1999,

---

[5] Rowe (2000), table L2.

compared with 34 percent in 1997 (figure 2). The percentage of white adult TANF recipients dropped from 42 percent to 33 percent. The share of adults on TANF reporting Hispanic ethnicity (whether black or white) remained around one-fifth and other races (including native Americans) around 3 percent.[6]

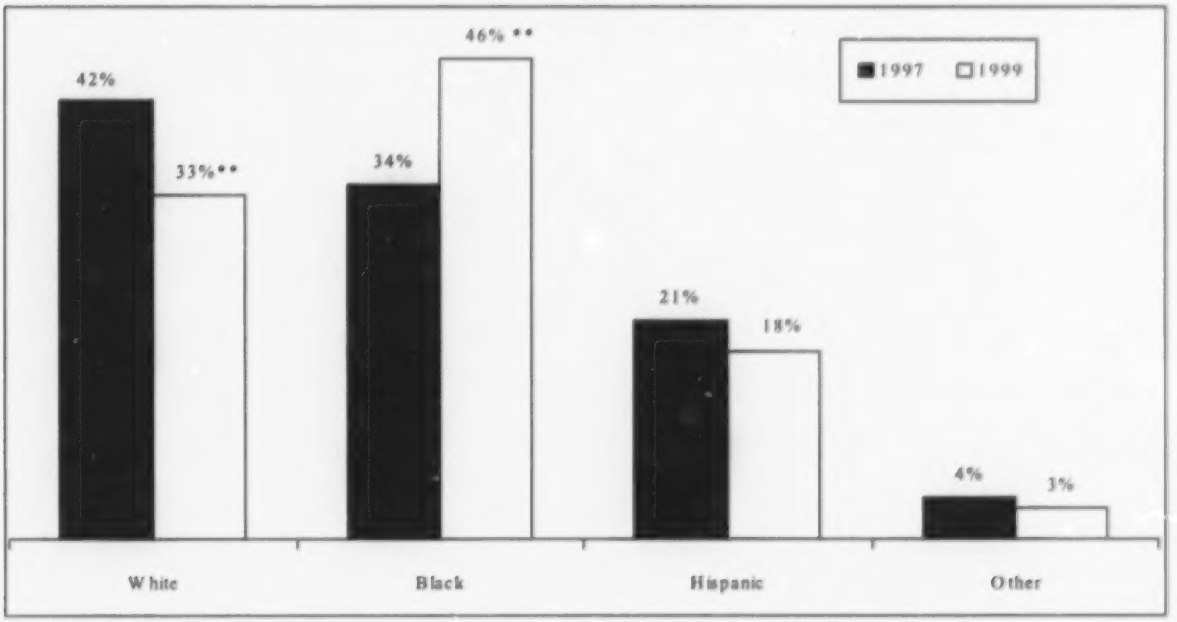
What Are the Work Characteristics of Adults Receiving TANF Benefits?

We expected that more adults receiving TANF would be engaged in work activity in 1999 compared with 1997 as states fully implemented TANF policies requiring work activity for many adults receiving TANF. We also expected that more adults on TANF would report significant barriers to work. Many speculated that those who were more job ready would leave TANF first, leaving behind an increasingly disadvantaged group.

Our analysis of work and barriers to work focuses on the adult TANF recipients most likely to be subject to their states work requirements. In some TANF families, only the children receive benefits, and the adults are not eligible (often called child-only families). Families where adults are not eligible include parents receiving benefits from a federal disability program, adults who are not the parents of children eligible for TANF, and parents who are ineligible

[6] The U.S. Department of Health and Human Services (2000) reported that the fiscal year 1999 caseload was 31 percent white, 38 percent black and 25 percent Hispanic in FY 1999. The differences between the NSAF and Administration for Children and Families (ACF) estimates most likely are due to the differences in how race was reported in the two data sets, especially for those of Hispanic origin.

Figure 2:
TANF Families by Race
Adults in Families Receiving TANF Benefits When Interviewed in 1997 and 1999



Source: The 1997 and 1999 National Survey of America's Families, The Urban Institute.

** Significantly different from 1997 at a 95 percent level.

immigrants but whose children were born in the United States and are eligible for TANF.[7] In addition, some parents are temporarily ineligible for benefits because they are sanctioned. Technically, these are child-only cases during the period of the sanction.[8] However, these parents are potentially subject to states' work requirements; failure to comply with work requirements often causes the sanction.

For this analysis, we select adults who may be subject to work requirements for this analysis following the same rules that we used in an earlier, baseline paper focused on adult TANF recipients (see Zedlewski, 1999). We exclude all parents receiving federal disability benefits (either Supplemental Security Income [SSI] or Social Security Disability benefits) and adults who are not the parents of the children in the TANF unit. We are not able to identify parents ineligible due to their immigration status and include them in our analysis. We do, however, include parents who may currently be sanctioned because these parents would be subject to their state's work requirements once their benefits are reinstated. Note that not all adults who are "potentially" subject to states' work requirements may be required to work at the present time. Most states exempt parents of very young children (the exemption is based on the

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[7]Federal welfare reform left it to states to decide whether legal, noncitizen immigrants who entered this country before the passage of welfare reform on August 26, 1996, are eligible for benefits. Nearly all states do provide eligibility to these parents. However, legal immigrants who entered the United States after welfare reform are not eligible for federal TANF benefits for five years. The large immigrant states, however, do cover these parents through their state TANF maintenance-of-effort funds. Nonetheless, in 1999 some TANF families would be comprised of legal immigrant parents who are not eligible for benefits and their children.

[8]The TANF emergency data reported that 5 percent of families on TANF during fiscal year 1999 had a grant reduction due to a sanction (U.S. Department of Health and Human Services, 2000, table 10:10, page 131).

age of the youngest child: up to 1 year of age in 26 states, under one year in 18 states, and over 1 year in six states[9]). In addition, states may exempt those who are significantly disabled, anticipating that these adults will also be exempt from benefit time limits.[10]

Ten percent of TANF parents received federal disability benefits in the year prior to their interview, compared with 6 percent in 1997.[11] Although some studies have hypothesized that more parents would be shifted to federal disability benefits as an indirect result of welfare reform, we cannot interpret this result as indicating such a shift.[12] The increase in parents receiving federal disability benefits may simply indicate that children receiving TANF and whose parents received federal disability benefits were more likely to remain on TANF between 1997 and 1999 than those who had parents more able to work. Besides, states have always had an incentive to make sure that those who applied for TANF but seemed eligible for SSI indeed applied for those benefits, and we would assume that this is still true under TANF.[13] SSI benefits are higher, and the federal government pays most of the cost (some states supplement the federal SSI benefit, and states pay some of the administrative cost).

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[9] See Rowe (2000).

[10] States can exempt 20 percent of their caseload (measured as the average monthly caseload in the current fiscal year) from federal benefit time limits.

[11] Like many household surveys, the NSAF asks about all income sources received during the prior year. We will miss parents who began to receive federal disability benefits during the year of their interview.

[12] See, for example, Stapleton et al. (1999).

Our analysis also excludes adults who are not parents, comprising 10 percent of TANF families in 1999 and 9 percent in 1997 (figure 1). Typically, these are foster parents or grandparents. A few states require that the grandparent be counted as part of the TANF unit, but most leave the grandparent out of the unit and deem some of the grandparents' income to the children (thereby reducing the family's TANF benefit).

Work Activity. As expected, significantly more adults receiving TANF benefits engaged in work activity in 1999 compared with 1997 (figure 3). Almost one-third reported working for pay at the time of their interview in 1999, compared with 22 percent in 1997, and two-thirds were engaged in some work activity in 1999, compared with 57 percent of recipients in 1997. Federal welfare reform required that more recipients participate in work activities. States must report work participation rates for their TANF caseloads and reach target participation rates that increase over time. The federal TANF requirements specified that the work participation rate for all TANF families increase from 25 percent in 1997 to 35 percent in 1999 and 50 percent in 2002. Most work activity counts towards participation, including paid or unpaid work, job search (up to six weeks), and school or training (up to 12 months per recipient). Participants must have engaged in work activity for at least 20 hours per week beginning in 1997, 25 hours per week in 1999, and 30 hours in 2000.

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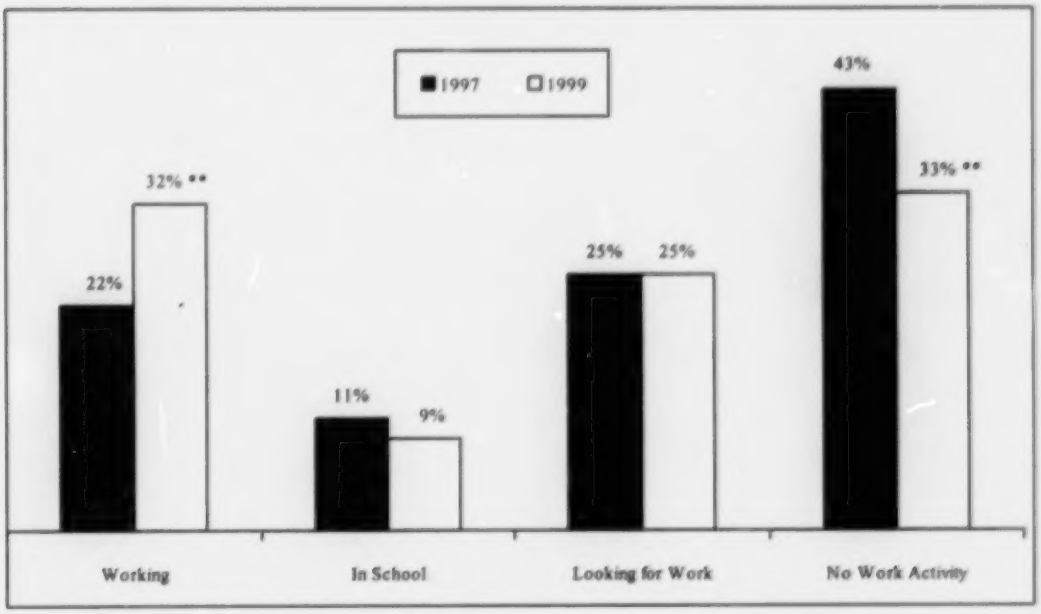
[13] Davies, Iams, and Rupp (2000) reported that site visit informants strongly encouraged the AFDC caseload to apply for SSI benefits.

Figure 3:
TANF Adults by Work Activity[1]
Adults Receiving TANF Benefits When Interviewed in 1997 and 1999



Source: The 1997 and 1999 National Survey of America's Families, The Urban Institute.

[1]National sample of adults who are primary caretakers of children and likely to be subject to work requirements.

** Significantly different from 1997 at a 95 percent level.

The percentage of adult recipients in school did not change, however, nor did the percent looking for work.[14] This result is consistent with our understanding of most states' TANF policies. Most have adopted a "work first" policy that encourages recipients to take any job in order to get on the first rung of the economic ladder. In addition, many states have increased their earned income disregards, allowing recipients to combine some TANF benefits with earnings to help them move to economic self-sufficiency.[15] These policies provide strong incentives for recipients to find paid work.

Barriers to Employment. Despite this high level of work activity, barriers to employment among the caseload may have increased between 1997 and 1999. As noted in our earlier analysis and confirmed by several other studies, adults on welfare often have substantial barriers to employment—including poor health, limited education, minimal work experience, and family responsibilities (such as caring for an infant or disabled child)—that prevent them from holding down a steady job.[16] All of these characteristics have been found to significantly depress work activity, and recipients with multiple barriers face the toughest employment challenges.

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[14]Note that we characterize adult recipients by their primary work activity. Some who are currently working may also be participating in school or training either inside regular work hours or outside of work.

[15] Twenty-eight states increased the real amount of earnings that recipients can keep and still remain eligible for some TANF assistance (Rowe, 2000).

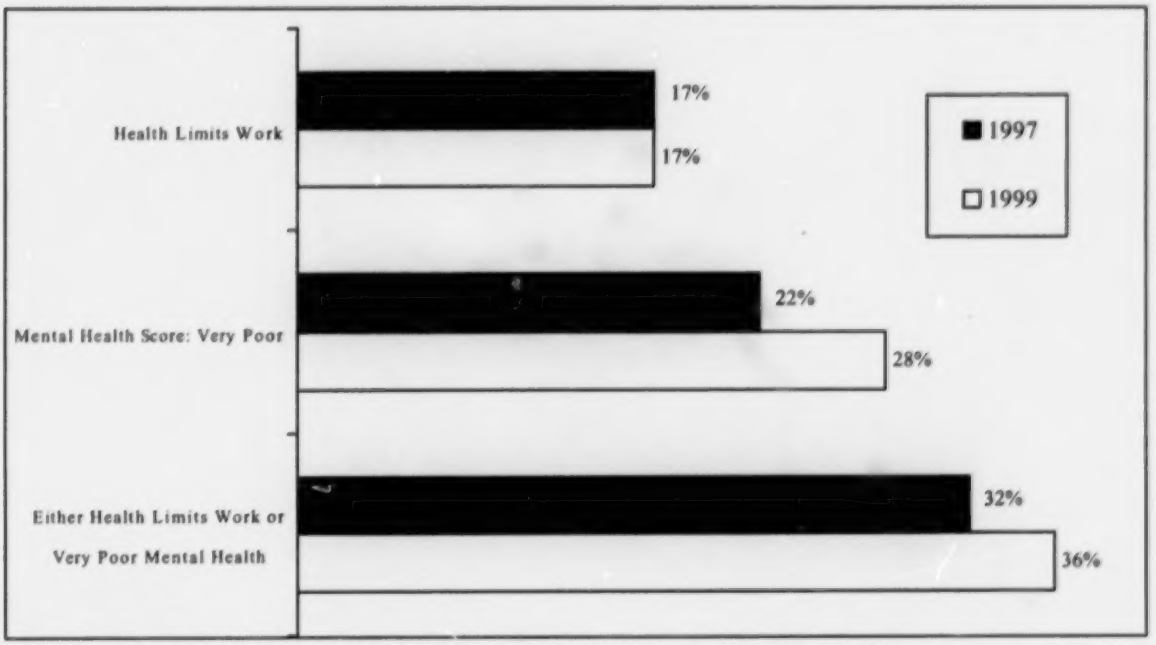
[16] See Danziger et al. (1999) and Driscoll et al. (2000) for descriptions of barriers associated with working among the caseloads in Michigan and California, respectively.

Contrary to expectations, our results do not indicate that adults on TANF were significantly more disadvantaged in 1999 compared with 1997. While more adults receiving TANF benefits in 1999 reported serious health problems than in 1997, the increase was not statistically significant (figure 4). This composite measure of very poor health indicates whether adult recipients *either* reported that their health limited work or scored in the bottom decile on a five-point mental health scale.[17] Thirty-six percent of adults on TANF had very poor health in 1999, compared with 32 percent in 1997. The increase in those reporting very poor mental health (also not statistically significant at the 0.90 level) accounted for all of the increase in the very poor health composite.

Adults receiving TANF in 1999 also did not report significant increases in nonhealth characteristics found to depress work activity (figure 5). For example, about the same percentage of the caseload was caring for an infant or their interview was conducted in Spanish (indicating a possible language barrier). The percentage of adult recipients with low levels of education increased and the percentage caring for a disabled child decreased, but these changes were not statistically significant. In contrast, the percentage of adults on TANF who had not worked at all in the previous three years decreased substantially from 42 percent in 1997 to 27

[17]In a regression analysis, those scoring positive on this composite health measure were significantly less likely to be engaged in any work activity (see Zedlewski, 1999). The mental health score was developed from a five-item scale that asked parents to assess their mental health along four dimensions: anxiety, depression, loss of emotional control, and psychological well-being (see Ehrle and Moore, 1999). Very poor mental health indicates those falling in the bottom 10th percentile for the United States.

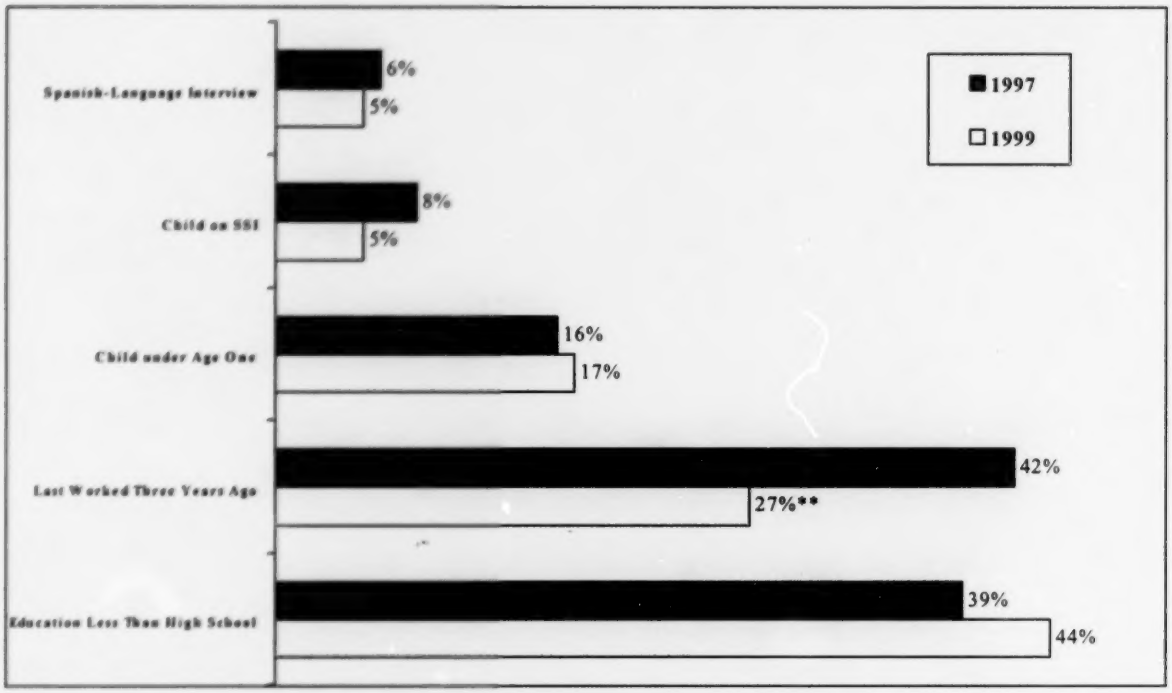
Figure 4:
Potential Barriers to Work: Health Status
Adults Receiving TANF Benefits When Interviewed in 1997 and 1999



Source: The 1997 and 1999 National Survey of America's Families, The Urban Institute.

[1]The mental health score was developed from a five-item scale that asked parents to assess their mental health along four dimensions: anxiety, depression, loss of emotional control, and psychological well-being (see Ehrle and Moore, 1999). Very poor mental health indicates those falling in the bottom 20th percentile nationally.

Figure 5:
Potential Barriers to Work: Non-Health Characteristics
Adults Receiving TANF Benefits When Interviewed in 1997 and 1999



Source: The 1997 and 1999 National Survey of America's Families, The Urban Institute.

** Significantly different from 1997 at a 95 percent level.

percent in 1999. The lack of recent work experience has historically been a significant employment deterrent. This result is consistent with the high levels of work activity among the current caseload, but it also indicates that some paid employment over the previous several years had been more pervasive across the current caseload than in the past.

The substantial increase in recent work activity accounts for some decrease in the number of employment barriers among adult recipients in 1999 compared with 1997 (table 1). Significantly more adults reported only one barrier in 1999 (40 percent compared with 33 percent). While a smaller share reported two or more barriers (40 percent in 1999 compared with 45 percent in 1997), this difference was not statistically significant.

The amount of work activity, especially paid work, increased significantly in 1999 compared with 1997 among those with barriers to employment. One-third of those with one barrier to employment worked for pay in 1999, compared with one out of five in 1997. Four times as many recipients with two or more barriers reported working for pay at the time of their interview in 1999 compared with 1997 (20 percent compared with 5 percent). More than half of those with two or more barriers reported some work activity in 1999, compared with four in ten in 1997.

The significant increases in paid work were accompanied by some significant decreases in school and training activities. Less than half as many adults with two or more barriers to work reported participating in some school or training activity, and the relative decrease was as large for those reporting no barriers to employment. While this pattern coincides with states' work first policies (and federal policy limiting the amount of education that can counts towards work

Table 1

Distribution of Work Activity by Number of Barriers to Work [1]
Among Adults Receiving TANF When Interviewed in 1997 and 1999

1997	TANF Recipients	Current Work Activity			
Number of Barriers	Percent Distribution	Working For Pay (%)	In School (%)	Looking for Work (%)	No Activity (%)
0	22	53	17	18	12
1	33	22	9	28	41
2+	45	5	9	26	60
Total	100	22	11	25	43
1999	**TANF Recipients**	**Current Work Activity**			
Number of Barriers	Percent Distribution	Working For Pay (%)	In School (%)	Looking for Work (%)	No Activity (%)
0	20	56	8 *	26	10
1	40 *	33 *	15	20	32
2+	40	20 **	4 *	30	46 **
Total	100	32 **	9	25	33 **

Source: The National Survey of America's Families, 1997 and 1999.

** Indicates significant difference from 1997 at 95 percent confidence level.
* Indicates significant difference from 1997 at 90 percent confidence level.

Notes: 1. Includes the following barriers: education less than high school, child less than one year old, child receiving SSI, Spanish language interview, either health limits work or very poor mental health, and last worked three or more years ago.

activity), the decline for those with two or more barriers raises some concern about the long-term employment prospects for these adults.

In short, the work activity reported by adults on TANF in 1999 presents a more positive picture than two years earlier. Significantly more were in paid jobs and fewer reported no work activity. However, the reduction in school or training must also be noted. We do not yet know the extent of work activity feasible among those with multiple barriers to employment, nor do we know how readily jobs will be available to those with multiple barriers in an economic downturn. While federal law limits the amount of job training that can count towards states' work participation rates to 12 months per recipient, it is not clear whether states are taking the opportunity to offer even the minimum amount of school or training activities that could help to prepare recipients for employment in a tougher employment environment. (States can also use their maintenance-of-effort money to support job training for TANF recipients.)

Are Most of the Adults on TANF "Stayers"?

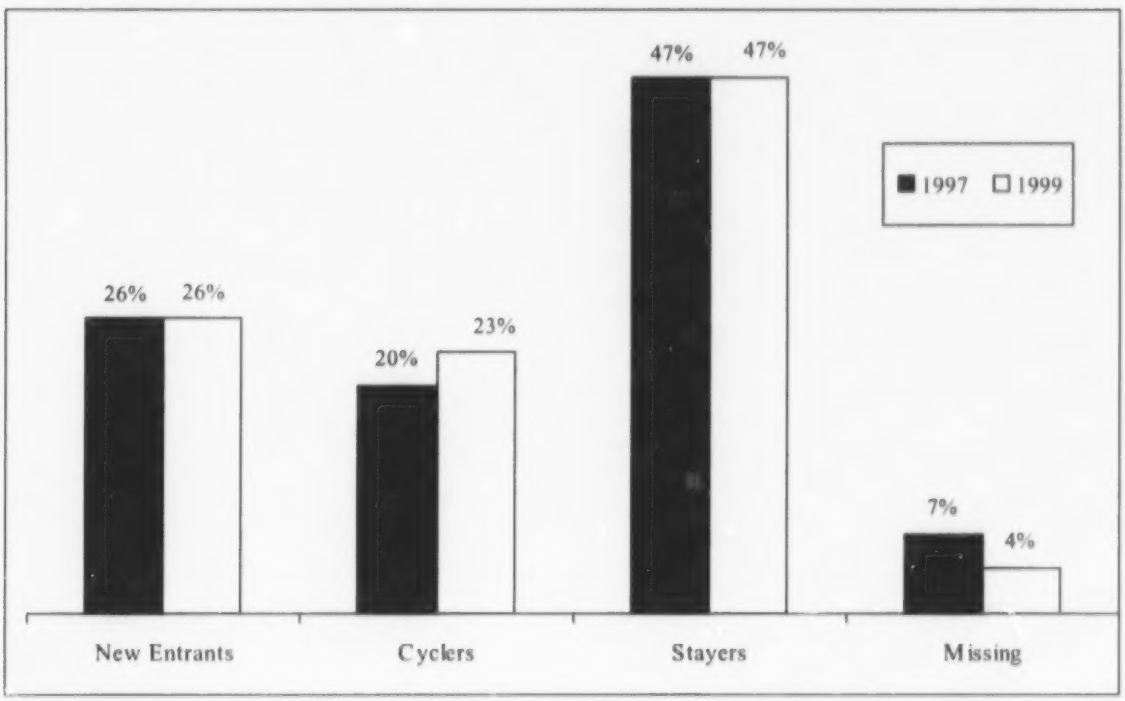
The picture of all adults on TANF in 1999 may mask differences in levels of disadvantage within the TANF population. In particular, the current caseload is made up of long-term recipients, new entrants to the program, and others who have moved on to and off of TANF. It is likely that those who have been on TANF for longer periods of time have higher levels of disadvantage, and many will be at risk if benefit time limits hit before they find stable employment. Many states already exempt the most disadvantaged part of their caseload in anticipation of granting them exemptions from benefit time limits. (As noted earlier, the federal

government allows states to exempt 20 percent of their caseload from time limits.) Other states require the majority of adults to work or grant them temporary exemptions with the hope of moving a large share of those with employment barriers into the labor force (Thompson et al. 2000).

To examine the question of differences in barriers to employment by time on welfare, we divided adult recipients into those who reported entering welfare between 1997 and 1999 ("new entrants"), those who first received welfare before 1997 but did not receive it continuously over the two-year period ("cyclers"), and those who first received welfare before 1997 and received it continuously over the two-year period ("stayers"). We expect that the more continuous group — those who reported no breaks in TANF receipt over the two years — represent a more disadvantaged group than those who had just entered TANF or those who had left. Furthermore, the group of stayers in 1999 may be more disadvantaged than the comparable group two years earlier.

Surprisingly, our results show that the distributions of time on welfare for 1997 and 1999 look remarkably similar (figure 6). New entrants accounted for about one-quarter of adults on TANF, and about one in five adults reported leaving and cycling back on to welfare in both periods. About half of adults on TANF reported continuous welfare receipt over the two-year period. These results counter the assertion that few families still enter the TANF program. While we do not have other national data on welfare entrants and exits, many have suggested that

Figure 6:
Distribution of Time on Welfare[1]
Adults Receiving TANF Benefits When Interviewed in 1997 and 1999



Source: The 1997 and 1999 National Survey of America's Families, The Urban Institute.

Notes: [1] Self-reported time on welfare.

"New entrants" are those who reported first on welfare since Jan 1, 1997; "cyclers" are those who reported first on welfare before Jan. 1, 1997, and were not on continuously since Jan. 1, 1997; "stayers" are those who reported first on welfare before Jan. 1, 1997, and were on continuously since Jan 1, 1997.

states' formal diversion programs and strict job search entry requirements have discouraged the use of welfare.[18] We do have substantial evidence, however, that a significant share of welfare leavers cycle back on to TANF in a relatively short period of time. For example, a variety of state leaver studies, most of which use states' administrative data to track recipients, have found that about one-quarter of leavers returned to TANF sometime in the year after exit.[19]

Work Histories. Work histories differed by time on welfare. For example, significantly more TANF entrants had current or recent work experience than welfare stayers (table 2). Almost three-quarters were either currently working or had worked in the past year (1998 or 1999), compared with 59 percent of TANF stayers. Half as many new entrants reported no work experience in the previous three years or more compared with the stayers (17 percent compared with 34 percent). Cyclers fell in the middle of this work experience distribution—63 percent reported some work experience now or in the previous year and about one-quarter had no work experience in three years or more.

Barriers to Employment. TANF entrants and cyclers differ from stayers in other ways as well (table 3). One-third of new entrants and one in five cyclers had an infant, compared with 6 percent of the more continuous group. Having an infant, of course, can be a significant risk factor for welfare entry among low-skilled, single mothers. Pregnancies often lead to job

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[18] Oelerich (forthcoming, 2001) is using states' entry and caseload data to understand changes in exit and entry patterns over time. While he finds that welfare exits dominated the caseload declines observed over the 1993—1999 period, welfare entries also dropped markedly from 1996 through 1999.

[19] See Acs and Loprest (2000) for a review of states' post-PRWORA leaver studies.

Table 2

Work History of Adult TANF Recipients in 1999 by Self-Reported Time on Welfare [1,2]

Work History	New Entrants (%)	Cyclers (%)	Stayers (%)
Currently Working	32	30	37
Worked in 1999 or 1998	42**	33	22
Worked in 1997	9	13	8
Last Worked 1996 or earlier	17*	24	34
Percent in Each Group	26	23	47

Source: The National Survey of America's Families, 1999.

** Indicates significantly different from stayers at the 95 percent level.
* Indicates significantly different from stayers at the 90 percent level.

Notes: 1. "New entrants" are those who reported first on welfare since Jan 1, 1997; "cyclers" are those who reported first on welfare before Jan. 1, 1997 and were not on continuously since Jan. 1, 1997; "stayers" are those who reported first on welfare before Jan. 1, 1997 and were on continuously since Jan. 1, 1997.

2. Table excludes cases without complete information about time on welfare, 5 percent of all adults on TANF in 1999.

Table 3

Characteristics of Adult TANF Recipients in 1999 by Self-Reported Time on Welfare [1,2]

Barriers to Employment	New Entrants (%)	Cyclers (%)	Stayers (%)
Spanish Interview	3	5	6
With Child on SSI	3	7	6
With Infant	33**	20**	6
Very Poor Health [3]	28	41	39
Education Less Than High School	35*	41	50
Last Worked Three or More Years Ago	17	24	34
Number of Barriers [4]			
0	21	21	16
1	48**	36	32
2+	31**	44	52
Percent in Each Group	26	23	47

Source: The National Survey of America's Families, 1999.

** Indicates significantly different from stayers at the 95 percent level.

Notes: 1. "New entrants" are those who reported first on welfare since Jan 1, 1997; "cyclers" are those who reported first on welfare before Jan. 1, 1997 and were not on continuously since Jan. 1, 1997; "stayers" are those who report first on welfare before Jan. 1, 1997 were on continuously since Jan. 1, 1997.

2. Table excludes cases without complete information about time on welfare, 5 percent of all adults on TANF in 1999.

3. Recipient reports either cannot work because of poor health or very low scores on mental health scale.

4. Includes the six barriers listed in the top half of the table.

disruptions, and low-skilled, low-paying jobs infrequently provide paid maternity leave. Child care is more difficult to find and more expensive for infants, making staying at home with welfare as a cash income support more attractive. This result is consistent with other information suggesting that a significant share of low-income women use public assistance to help cover lost wages during periods of medical leave (Commission on Family and Medical Leave, 1996).

New entrants, in general, were a significantly less disadvantaged group than stayers. They were better educated. Sixty-five percent of new TANF entrants had completed high school, compared with half of stayers. The lack of a high school education can be a significant deterrent to employment, most likely at least one of the factors explaining why some have remained on welfare more continuously despite the strength of the economy and strong work requirements in TANF. While not statistically significant, new entrants reported better health than either the cyclers or the continuous welfare group. Twenty-eight percent reported very poor health characteristics, compared with about 40 percent of the other two groups. A significantly smaller share of new entrants had multiple barriers to work compared with stayers (bottom half of table 3). Thirty-one percent had two or more barriers (among those six reported in this table), compared with 52 percent of the stayers.

In contrast, those who cycled off and back on to welfare were not significantly different from stayers with the exception of having an infant. While their education level fell in the middle of the distribution between new entrants and stayers, other characteristics looked very similar to those reported by stayers. They also fell in the middle of the distribution of the number of barriers, with 44 percent reporting two or more barriers to employment.

Welfare Stayers, 1997 and 1999. A comparison of the barriers to employment between the stayers in 1997 and 1999 provides a final check on whether the two cohorts differ appreciably (table 4). Recency of work experience was the most significant difference between stayers in 1997 and 1997. About one-third of the 1999 stayers had not worked in the previous three or more years, compared with more than half of the 1997 stayers. Welfare stayers in 1999 were less likely to have an infant compared with stayers in 1997. While more of the 1999 stayers had very poor health status and low education levels, these differences were not statistically significant. The two cohorts did not differ in number of barriers to employment.

Summary and Implications for TANF Policy

Our results present a complex picture of the welfare population in 1999. The finding that more recipients lived with unmarried partners in 1999 compared with 1997 suggests increased potential for economic independence from TANF, if both adults share responsibility for family well-being. The finding that many more combined welfare with a paid job in 1999 compared with 1997 demonstrates recipients' serious attempts to move into the paid labor force and, at least temporarily, to increase their incomes by combining a pay check with a welfare check. However, a tension exists between taking advantage of expanded earned income disregards and using up time on welfare that counts against the benefit clock in most states.[20]

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[20] Seven states, including Illinois, stop the time limit clock during months when the parent is employed at least a minimum number of hours per week. During this time, benefits are paid through a state program that counts towards the maintenance-of-effort (MOE) requirement (Bloom and Pavetti, forthcoming, 2001).

Table 4

Characteristics of Continuous Adult TANF Recipients Subject to Work Requirements [1]

Characteristics	1997 Stayers [2] (%)	1999 Stayers [2] (%)
Spanish Interview	8	6
With Child on SSI	8	6
With Infant	11	6*
Very Poor Health	34	39
Education Less Than High School	39	50
Last Worked Three or More Years Ago	57	34**
Number of Obstacles		
0	17	20
1	31	36
2+	52	45
Percent in Each Group	47	47

Source: The National Survey of America's Families, 1997 and 1999.

** Indicates significantly different from 1997 at 95 percent confidence level.
* Indicates significantly different from 1997 at 90 percent confidence level.

Notes: 1. Table excludes cases without complete information about time on welfare, 7 percent of all adults on TANF in 1997 and 4 percent of all adults on TANF in 1999.

2. Stayers: in 1997, those who report first on welfare before Jan. 1, 1995, and in 1999, those who report first on welfare before Jan. 1, 1997, and they were on continuously until the time of their interviews in 1997 and 1999, respectively.

3. Recipient reports either cannot work because of poor health or very low scores on mental health scale.

The majority of adults on TANF reported significant barriers to employment. However, contrary to conventional wisdom, our results did not indicate that adults on TANF in 1999 were significantly more disadvantaged than those on welfare in 1997. While the data suggested somewhat poorer health status for the 1999 cohort of TANF recipients compared with the 1997 cohort, the differences were not statistically significant. Education levels and caregiving responsibilities also did not differ significantly. Of course, our results reflect a time period when TANF was just getting underway (1997) and one after TANF policy had evolved further (1999). While caseloads were dropping rapidly during our two periods of observation, it may be that adults on TANF in 1997 and 1999 were more disadvantaged than those on welfare prior to 1997.

The clearest difference between the two cohorts of TANF recipients was increased work activity, especially paid work, among 1999 TANF recipients. While still at a relatively low level, paid work among those with multiple barriers to employment increased fourfold (from 5 percent in 1997 to 20 percent in 1999). These results clearly indicate the influence of a very strong economy coupled with states' strong "work first" programs that try to move recipients into paid jobs as quickly as possible.

Welfare cycling continued to characterize the TANF population. Some left but came back on, and new entrants comprised the same percentage of TANF adults in 1999 as in 1997. Our results highlight the continuing needs of a group of disadvantaged single mothers with low education levels and high levels of mental and physical health problems. The fact that one-third of new entrants were caring for an infant (compared with 1 in 5 cyclers and about 1 in16 stayers)

suggests that mothers in low-wage jobs that typically do not provide paid family leave may find welfare their only alternative.[21] While adults on TANF more continuously were significantly more disadvantaged than new entrants, welfare cyclers looked more like the group of welfare stayers. However, it was also clear that a large share of all three groups of TANF recipients were attempting to move into the labor market. About 60 percent of the welfare stayers in 1999 reported some work experience within the previous two years.

These results suggest that state policymakers may find their toughest TANF policy challenges ahead. An increasing share of TANF recipients will face their five-year benefit time limit beginning in 2002. States can exempt 20 percent of their caseload from the federal benefit time limit. However, this is not likely to be sufficient to cover the entire group likely to need some form of cash assistance for a longer period of time. About 80 percent of adults on currently on TANF reported at least one employment barrier, and 4 in 10 of these adults reported no current work activity. Since many who left TANF will likely continue to cycle back on to welfare, especially if we experience an economic downturn, the number facing time limits in the near future could be significant.

States have two major options for limiting or preventing benefit time limits from having severe negative effects on these families. They can increase the percentage exempted from

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[21] The Clinton administration passed regulations that allow states to provide Unemployment Insurance (UI) benefits to parents who take leave to care for a newborn or newly adopted child to alleviate this problem at least for women covered under the UI system. While several states have proposed bills to do so, none have passed legislation to date (National Partnership for Women and Families, 2000).

benefit time limits by using their own maintenance-of-effort (MOE) monies to continue assistance, or they can implement programs that move more disadvantaged TANF recipients into work activity. The more states rely on exemptions to prevent hardship among families who need assistance beyond their benefit time limit, the larger this group will be in the future. Policies that focus on removing particular barriers to employment (such as intensive mental health services and programs that provide marketable job skills to those with little education) could have a long-term payoff. Of course, it is more difficult and more expensive to provide specialized services targeted at barriers faced by welfare families than to continue their monthly benefit checks.

Many states and local areas are trying innovative programs that either focus on particular barriers to employment or try to provide holistic services to disadvantaged families.[22] Because these programs are new and tend to be implemented on a small scale without formal evaluation, we do not yet have evidence about how well they work or for which populations they will be successful. As more states use TANF resources to try new programs and evaluate their effectiveness, TANF may evolve to meet the heterogeneous needs of all of the people it is designed to serve.

More states may also want to think about stopping the clock for recipients who are working at a paid job or at least rewarding paid work with some additional time on the clock.

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[22] See Zedlewski and Loprest (forthcoming 2001) for a review of these programs.

Right now states' enhanced earned income disregards encourage paid employment while on welfare, but benefit time limits counter this effect and can eventually harm those who do respond positively to this financial incentive. An offset in the benefit time limit for workers would make this policy more effective.

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